

1 HOUSE JOINT RESOLUTION 2

2 **49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

3 INTRODUCED BY

4 Mimi Stewart

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10 A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE
12 CONSTITUTION OF NEW MEXICO TO INCREASE THE DISTRIBUTIONS FROM
13 THE LAND GRANT PERMANENT FUNDS TO BENEFIT THE PUBLIC SCHOOLS
14 AND OTHER RECIPIENTS.

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16 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 Section 1. It is proposed to amend Article 12, Section 7
18 of the constitution of New Mexico to read:

19 "A. As used in this section, "fund" means the
20 permanent school fund described in Article 12, Section 2 of
21 this ~~[article]~~ constitution and all other permanent funds
22 derived from lands granted or confirmed to the state by the act
23 of congress of June 20, 1910, entitled "An act to enable the
24 people of New Mexico to form a constitution and state
25 government and be admitted into the union on an equal footing

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1 with the original states.".

2 B. The fund shall be invested by the state
3 investment officer in accordance with policy regulations
4 promulgated by the state investment council.

5 C. In making investments, the state investment
6 officer, under the supervision of the state investment council,
7 shall exercise the judgment and care under the circumstances
8 then prevailing that [~~businessmen~~] businesspersons of ordinary
9 prudence, discretion and intelligence exercise in the
10 management of their own affairs not in regard to speculation
11 but in regard to the permanent disposition of their funds,
12 considering the probable income as well as the probable safety
13 of their capital.

14 D. The legislature may establish criteria for
15 investing the fund if the criteria are enacted by a
16 three-fourths vote of the members elected to each house, but
17 investment of the fund is subject to the following
18 restrictions:

19 (1) not more than sixty-five percent of the
20 book value of the fund shall be invested at any given time in
21 corporate stocks;

22 (2) not more than ten percent of the voting
23 stock of a corporation shall be held;

24 (3) stocks eligible for purchase shall be
25 restricted to those stocks of businesses listed upon a national

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1 stock exchange or included in a nationally recognized list of
2 stocks; and

3 (4) not more than fifteen percent of the book
4 value of the fund may be invested in international securities
5 at any single time.

6 E. All additions to the fund and all earnings,
7 including interest, dividends and capital gains from investment
8 of the fund, shall be credited to the fund.

9 F. ~~[Except as provided in Subsection G of this~~
10 ~~section]~~ Beginning with the first distribution after the
11 effective date of this 2010 amendment, the annual distributions
12 from the fund shall be ~~[five]~~ six and two-tenths percent of the
13 average of the year-end market values of the fund for the
14 immediately preceding five calendar years.

15 ~~[G. In addition to the annual distribution made~~
16 ~~pursuant to Subsection F of this section, unless suspended~~
17 ~~pursuant to Subsection H of this section, an additional annual~~
18 ~~distribution shall be made pursuant to the following schedule;~~
19 ~~provided that no]~~ A distribution shall not be made pursuant to
20 the provisions of this ~~[subsection]~~ section in any fiscal year
21 if the average of the year-end market values of the fund for
22 the immediately preceding five calendar years is less than five
23 billion eight hundred million dollars (\$5,800,000,000).

24 ~~[(1) in fiscal years 2005 through 2012, an~~
25 ~~amount equal to eight-tenths percent of the average of the~~

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1 ~~year-end market values of the fund for the immediately~~
2 ~~preceding five calendar years; provided that any additional~~
3 ~~distribution from the permanent school fund pursuant to this~~
4 ~~paragraph shall be used to implement and maintain educational~~
5 ~~reforms as provided by law; and~~

6 ~~(2) in fiscal years 2013 through 2016, an~~
7 ~~amount equal to one-half percent of the average of the year-end~~
8 ~~market values of the fund for the immediately preceding five~~
9 ~~calendar years; provided that any additional distribution from~~
10 ~~the permanent school fund pursuant to this paragraph shall be~~
11 ~~used to implement and maintain educational reforms as provided~~
12 ~~by law.~~

13 ~~H. The legislature, by a three-fifths' vote of the~~
14 ~~members elected to each house, may suspend any additional~~
15 ~~distribution provided for in Subsection G of this section.]"~~

16 Section 2. The amendment proposed by this resolution
17 shall be submitted to the people for their approval or rejection
18 at the next general election or at any special election prior to
19 that date that may be called for that purpose.

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